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TO RUEHC/SECSTATE WASHDC 8215
INFO RUEHB/AMEMBASSY BEIJING 4592
RUEHUL/AMEMBASSY SEOUL 7579
RUEHKO/AMEMBASSY TOKYO 7387
RUEHCN/AMCONSUL CHENGDU 1020
RUEHGZ/AMCONSUL GUANGZHOU 8934
RUEHHK/AMCONSUL HONG KONG 5792
RUESLE/AMCONSUL SHANGHAI 8335
RUEHSH/AMCONSUL SHENYANG 4941
RHHMUNA/USPACOM HONOLULU HI
RHHJJAA/JICPAC HONOLULU HI
RHEFDIA/DIA WASHINGTON DC
RUEAIIA/CIA WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L TAIPEI 000262

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STATE PASS USTR
STATE FOR EAP/TC,
USTR FOR WINTER AND WINELAND,
TREASURY ALSO PASS TO FEDERAL RESERVE/BOARD OF GOVERNORS,
AND SAN FRANCISCO FRB/TERESA CURRAN

E.O. 12958: DECL: 01/25/2011
TAGS: ECON PGOV PREL TW
SUBJECT: NEW ECON CABINET IN TAIWAN, SAME TIGHT
CROSS-STRAIT POLICY (C-AL5-01647)

REF: A. TAIPEI 261

1B. TAIPEI 242
1C. TAIPEI 221

Classified By: AIT Acting Director David Keegan for reasons 1.5 (b), (d)
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11. (C) Ref A reports on the new economic ministers in Taiwan. After discussions with a range of interlocutors it appears unlikely that the new cabinet will push for liberalization of cross-Straits economic ties. A senior banker suggested to AIT/T that while he sees many of the new appointees as political ideologues, in particular the new Finance and Transportation ministers, it is too early to say exactly what policies the cabinet will implement. However, many of his business colleagues have already made up their minds. AmCham Executive Director Richard Vuylsteke told AIT/T that he expects little progress on cross-Straits issues during the remainder of Chen Shui-bian's term. A local lawyer in the financial sector summed up his view as "another two years wasted." The pessimistic tone was practically uniform across the range of interlocutors.

Economic Development Advisory Commission?

12. (C) One ray of hope is that the Administration may convene the Second Economic Advisory Commission (EDAC), once the dust has settled from the Lunar New Year break and the Cabinet reshuffle. A small minority in the business community see the EDAC as an opportunity for the Chen Administration to float some liberalization policies and get a general consensus to move forward in certain areas. However, it is far too soon to say how this might work out. The idea for the second EDAC has never been clearly defined and has already undergone a number of variations. Originally it was

to exclude any KMT participation, but after the December 3 DPP election setback the EDAC was redefined to be inclusive. At one point Vice Premier Wu Rong-I was to organize the effort, but he has now left the scene and no one seems to know now if there will be a second EDAC or not. KMT Vice Chairman Chiang Ping-kun told AIT/T that he has advised KMT Chairman Ma Ying-jeou that if an EDAC is held it should be strictly without any type of political participation. He said that people of all political stripes should participate, but that they should do so only in their capacity as business representatives, technical experts or academics.

KEEGAN